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March 9, 2006

Mary L. Cottrell, Secretary
Department of Telecommunications and Energy
One South Station, 2nd Floor
Boston, MA 02110

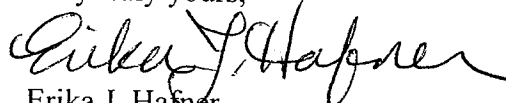
Re: Request for Approval of Natural Gas Asset Optimization Service Contract, D.T.E. 06-9

Dear Secretary Cottrell:

Enclosed please find the supplemental Motion for Protective Treatment of KeySpan Energy Delivery New England in the above-referenced proceeding.

Thank you for your consideration and assistance in this matter.

Very truly yours,



Erika J. Hafner

Enclosures

cc: Andrew O. Kaplan, General Counsel
George Yiankos, Director, Gas Division
Andréas Thanos, Assistant Director, Gas Division
Joseph Rogers, Assistant Attorney General

COMMONWEALTH OF MASSACHUSETTS

DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

KeySpan Energy Delivery New England

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D.T.E. 06-9

**MOTION OF KEYSpan ENERGY DELIVERY NEW ENGLAND
FOR PROTECTIVE TREATMENT OF CONFIDENTIAL INFORMATION**

Now comes KeySpan Energy Delivery New England (“KeySpan” or the “Company”) and hereby requests the Department of Telecommunications and Energy (the “Department”) to grant protection from public disclosure of certain confidential, competitively sensitive and proprietary information submitted in this proceeding in accordance with G.L. c. 25, § 5D. The Company requests that the Department protect from public disclosure price terms and other financial information and analyses in Attachment AG-1-1(i) (pages 328 to 363); Attachment AG-1-8, Attachment 1-22 (partial) and Attachment AG-1-23(2) in conjunction with the Company’s request for approval, pursuant to G.L. c. 164, § 94A, of the Natural Gas Asset Optimization Service Contract (the “Contract”) between with KeySpan Corporate Services LLC (“KSCS”) and Merrill Lynch Commodities Inc. (“MLCI”). Please note that the confidential information provided in these responses is not covered by the Motion for Confidentiality granted by the Department in this proceeding on February 27, 2006. Therefore, the Company is submitting this supplemental motion. The Company is providing a redacted copy Attachment AG-1-23(2) and the confidential portions of Attachment 1-22. Because of the nature of Attachment AG-1-1(i) (pages 328 to 363) and Attachment AG-1-8,

however, it is impossible to redact these materials. Specifically, they contain detailed financial analyses conducted by KeySpan officials using both publicly-available and confidential information. KeySpan has provided these attachments to the Hearing Officer and the Attorney General pursuant to a previously-executed non-disclosure agreement in this case. As discussed below, the financial information in these exhibits is competitively sensitive and its release to the public would jeopardize the integrity of future negotiations between the Company and gas-supply companies, which would have an adverse impact on the Company's customers. Moreover, Attachment AG-1-23(2) was previously provided to the Department in D.T.E. 04-29 and received protected status in that proceeding.

I. LEGAL STANDARD

Confidential information may be protected from public disclosure in accordance with G.L. c. 25, § 5D, which states in part that:

The [D]epartment may protect from public disclosure, trade secrets, confidential, competitively sensitive or other proprietary information provided in the course of proceedings conducted pursuant to this chapter. There shall be a presumption that the information for which such protection is sought is public information and the burden shall be on the proponent of such protection to prove the need for such protection. Where the need has been found to exist, the [D]epartment shall protect only so much of the information as is necessary to meet such need.

In interpreting the statute, the Department has held that:

. . . [T]he burden on the company is to establish the need for protection of the information cited by the company. In determining the existence and extent of such need, the Department must consider the presumption in favor of disclosure and the specific reasons why disclosure of the disputed information benefits the public interest.

The Berkshire Gas Company et al., D.P.U. 93-187/188/189/190, at 16 (1994) as cited in Hearing Officers Ruling On the Motion of Boston Gas Company for Confidentiality, D.P.U. 96-50, at 4 (1996).

In practice, the Department has often exercised its authority to protect sensitive market information. For example, the Department has determined specifically that competitively sensitive information, such as price terms, are subject to protective status:

The Department will continue to accord protective status when the proponent carries its burden of proof by indicating the manner in which the price term is competitively sensitive. Proponents generally will face a more difficult task of overcoming the statutory presumption against the disclosure of other terms, such as the identity of the customer.

Standard of Review for Electric Contracts, D.P.U. 96-39, at 2, Letter Order (August 30, 1996). See also Colonial Gas Company, D.P.U. 96-18, at 4 (1996) (the Department determined that price terms were protected in gas supply contracts and allowed Colonial Gas Company's request to protect pricing information including all "reservation fees or charges, demand charges, commodity charges and other pricing information").

Moreover, the Department has recognized that competitively sensitive terms in a competitive market should be protected and that such protection is desirable as a matter of public policy:

The Department recognizes that the replacement gas purchases . . . are being made in a substantially competitive market with a wide field of potential suppliers. This competitive market should allow LDC's to obtain lower gas prices for the benefit of their ratepayers. Clearly the Department should ensure that its review process does not undermine the LDC's efforts to negotiate low cost flexible supply contracts for their systems. The Department also recognizes that a policy of affording contract confidentiality may add value to contracts and provide benefits to ultimate consumers of gas, the LDC's ratepayers, and therefore may be desirable for policy reasons.

The Berkshire Gas Company et al., D.P.U 93-187/188/189/190, at 20 (1994).

II. BASIS FOR CONFIDENTIALITY

The Company seeks protection from public disclosure of certain price terms and other confidential financial analyses and information that is considered to be confidential, commercially sensitive and proprietary by the Company. The Company is an active participant in the gas-supply market and requires confidential treatment of these terms in order to protect its bargaining latitude and negotiating leverage in achieving gas-resource arrangements such as the one proposed in this filing.

Consistent with the Department's precedent, the Company is requesting confidential treatment for price terms and financial analyses set forth in Attachment AG-1-1(i) (partial), Attachment AG-1-8 and Attachment AG-1-23(2). Disclosure of the price terms and financial information associated with the Company's economic analysis of the Contract has the potential to cause substantial harm to KeySpan, which may in the future negotiate similar agreements with other participants in the Massachusetts gas market. Specifically, disclosure of the price terms and financial information may create a circumstance where KeySpan would be compelled to negotiate against the prices set forth in the economic analysis in virtually every subsequent contract. In addition, if prices were open to the public, important, competitively sensitive information regarding the results of a request for proposals process conducted by the Company would be disclosed making it difficult for the Company to attract bidders in a subsequent bid solicitation process. Such outcomes would also be contrary to the interests of the Company's customers in that disclosure of the pricing terms and financial information would

potentially impede the Company's ability to obtain similar or better prices from other suppliers in the future should it require additional storage and transportation services.

In short, price terms and financial analyses must remain confidential to preserve the Company's future negotiating leverage and its ability to function effectively in the gas supply marketplace. Disclosure of contract price terms and financial analyses may dissuade gas suppliers, who must protect their competitive position in the national market, from marketing supplies in Massachusetts. Moreover, a lack of confidentiality may discourage suppliers from making concessions or agreeing to specific provisions more favorable to the buyer because public knowledge of such precedents would decrease the suppliers' bargaining leverage in other negotiations.

The harmful impact of price disclosures is well known to the Department. It has consistently held that price information is confidential and recognized that price information is competitively sensitive as set forth in the statute. See Colonial Gas Company, D.P.U. 96-18, at 4 (1996). Indeed, the Department has recognized the gas industry's concerns regarding disclosure of supply contract price terms. See The Berkshire Gas Company, D.P.U 93-187/188/189/190, at 20 (1994).

III. DESCRIPTION OF CONFIDENTIAL CONTRACT TERMS

The Company has requested that all price terms contained in Attachment AG-1-1(i) (pages 328 to 363), Attachment AG-1-8, Attachment 1-22 (partial) and Attachment AG-1-23(2) be held confidential during the course of this proceeding and through the terms of the Contract.

IV. CONCLUSION

The Department has consistently held that price terms and other financial analyses are considered to be confidential, commercially sensitive and proprietary. Disclosure on the public record of this information will negatively affect the parties future bargaining position and could have a negative effect on the marketplace by dissuading potential suppliers from competing in Massachusetts.

WHEREFORE, the Company respectfully requests that the Department grant its Motion for Protective Treatment as stated herein.

Respectfully submitted,

**KEYSPAN ENERGY DELIVERY NEW
ENGLAND**

By its attorneys,



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